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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/843,752	04/30/2001	Dennis A. VanDusen	148.002	9183

38245 7590 10/12/2004

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EXAMINER

DURAN, ARTHUR D

ART UNIT	PAPER NUMBER
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3622

DATE MAILED: 10/12/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/843,752

Applicant(s)

VANDUSEN, DENNIS A.

Examiner

Arthur Duran

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 30 April 2001.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-15 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-15 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. Claims 1-15 have been examined.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 1-15 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. These claims are rejected under 35 U.S.C. 101 because these claims have no connection to the technological arts. The method claims do not specify how the claims utilize any technological arts. For example, no network or server is specified. To overcome this rejection, the Examiner recommends that the Applicant amend the claim to specify or to better clarify that the method is utilizing a medium or apparatus, etc within the technological arts. Appropriate correction is required.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The

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phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in

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affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the current application, no technological art (i.e., computer, network, server) is being utilized by claims 1-15. At least one step of the body of the claims must explicitly utilize the technological arts. Appropriate correction is required.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over Warris (6,604,131) in view of Howie (5,093,794) in view of Eggelston (6,061,660) in view of Nilssen (5,083,782).

Claim 1, 2, 5, 6, 12, 13, 15: Warris discloses a method of granting a sweat equity security, comprising:

associated projects or project task (col 4, lines 29-38; col 1, lines 35-40),

receiving a service from at least one contributor that contributes to completion of at least a portion of one of the project tasks or project,

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awarding at least a portion of the equity based on at least partial completion of at least one of the project tasks or projects (col 3, lines 27-35; col 8, lines 1-10; col 8, lines 42-67; col 18, lines 40-51).

Warris further discloses compensating an associate who has completed at least one milestone of a project with a portion of the awards (col 3, lines 27-35; col 8, lines 1-10; col 8, lines 42-67; col 18, lines 40-51).

Warris further discloses:

parsing the project into project tasks (col 4, lines 29-38; col 1, lines 35-40);

soliciting users on at least one of the project tasks (col 3, lines 5-16);

awarding at least one of the project tasks to at least one associate based on a received agreement from the at least one associate;

assessing the at least one associate's performance of the at least one project task; and compensating the at least one associate based on the assessment and/or the received bid (col 3, lines 27-35; col 8, lines 1-10; col 8, lines 42-67; col 18, lines 40-51).

Warris further discloses multiple businesses (col 1, lines 11-15).

Howie discloses soliciting bids on project tasks and providing awards based on completion of tasks (Fig. 9; Fig. 3; Fig 13; col 10, lines 15-23; col 10, lines 32-57).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Howie's bid for project tasks to Warris project tasks. One would have been motivated to do this in order to provide a way to find the member/user most interested in performing the task.

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Howie further discloses utilizing time as a parameter for task completion (col 3, lines 14-25; col 1, lines 10-14).

Eggleston further discloses a pool of incentives and equity that can be utilized for awards (col 25, lines 25-35).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Eggleston's pool that can be utilized and distributed for awards to Warris awards. One would have been motivated to do this in order to provide a source from which to provide the awards.

Nilseen discloses creating an equity pool with a plurality of equity interests in one or more companies, redeeming the equity points for a share of the equity pool (col 9, line 30-col 10, line 2).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made that Warris can distribute the awards to the users based on awards that were pooled together. One would have been motivated to do this in order to provide a source for the awards that are oriented towards completion of projects.

Claim 3: Warris, Howie, Eggleston, and Nilssen disclose the method according to claim 2, said compensating including awarding value points and/or equity points (col 8, lines 5-10; col 8, lines 42-67).

Claim 4: Warris, Howie, Eggleston, and Nilssen disclose the method according to claim 3.

Warris does not explicitly disclose redeeming the value points for cash, merchandise, one or more products, training, services, and/or prizes.

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However, Eggleston discloses redeeming the value points for cash, merchandise, one or more products, training, services, and/or prizes (col 7, lines 45-50).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Eggleston's points that can be redeemed for prizes to Warris award points. One would have been motivated to do this in order to provide points that are of interest to a user.

Claim 7: Warris, Howie, Eggleston, and Nilssen disclose the method according to claim

2. Warris further discloses:

integrating a plurality of the project tasks into at least a partially completed project (col 1, lines 11-18).

Claim 8: Warris, Howie, Eggleston, and Nilssen disclose the method according to claim

7. Warris further discloses:

said integrating step triggering a requirement to pay the least one associate for the at least partially completed project (col 3, lines 27-35; col 8, lines 1-10; col 8, lines 42-67; col 18, lines 40-51).

Claim 9, 10, 11, 14: Warris, Howie, Eggleston, and Nilssen disclose the method according to claim 3. Warris further discloses:

Warris further discloses awarding the user only for proper performance (col 3, lines 27-35; col 8, lines 1-10; col 8, lines 42-67; col 18, lines 40-51).

Eggleston further discloses rating each of the associate's performance and that the award can be based on the rating (col 4, lines 35-55).

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Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Egglssestons providing awards in proportion to the performance of the user. One would have been motivated to do this in order to motivate a user to perform well.

Warris further discloses awarding step awarding at least one future project task to the associate based on said rating step (col 18, lines 7-15; col 17, lines 25-32; col 4, lines 9-20).

Since Warris tracks the history of members, awards members, assigns members future work based past actions, it would be obvious to utilize the user performance for determining future compensation. One would be motivated to do this in order to more properly compensate users whose work is considered valuable.

Conclusion

The following prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- a. Wright (6,581,040) discloses project management, bidding, and awards;
- b. Isherwood (5,918,219) discloses project management, bidding, and awards;
- c. Webber (6,167,378) discloses project management;
- d. Whipple (6,289,385) discloses project management;
- e. Levinson (6,047,260) discloses project management and awards;
- f. Kanter (5,537,314) discloses award pools for tasks completed.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Arthur Duran whose telephone number is (703)305-4687. The examiner can normally be reached on Mon- Fri, 7:30-4:00.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber can be reached on (703)305-8469. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Arthur Duran
Patent Examiner
9/23/04